

Committee Name and Date of Committee Meeting

Delegated Officer Decision – 25 April 2025

Report Title

PSDS Phase 4 Decarbonisation Works

Is this a Key Decision and has it been included on the Forward Plan?

No, but it has been included on the Forward Plan

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

On 30th October 2019, the Council declared a Climate Emergency and set out its action plan covering the following seven policy themes of Energy, Housing; Transport; Waste; Built & Natural Environment; Influence and Engagement.

At its meeting on 23rd March 2020, Cabinet resolved to establish the targets of:

- The Council's carbon emissions to be at net zero by 2030 (NZ30)
- Borough-wide carbon emissions to be at net zero by 2040 (NZ40)

A Climate Emergency Action Plan has since been established that documents how these challenging targets will be delivered, and the Council's progress is reported annually.

A significant part of this action plan is the reduction in carbon emissions from the Council operational buildings through the delivery of councils heating decarbonisation plan (HDP). The HDP sets out the works that will be required to replace the existing fossil fuel boilers (majority gas) with an alternative source of energy such as air source heating systems. In addition to the decarbonisation works, further improvements and enhancements will be considered on a site-by-site basis, for example, LED lighting, fabric improvements and insulation. Furthermore, to reduce the reliance on grid supplied electricity, on-site generation will be installed where appropriate, this will

mostly be in the form of solar Photovoltaics (PV). Solar PV will also have revenue benefits to the Council in the long term.

In order to support Council allocated Capital budget, the Council has applied to the Public Sector Decarbonisation Scheme (PSDS). In March 2025, it was confirmed that the Council had been successful in their application to PSDS and were awarded £265,000 to decarbonise the following properties:

- Springwell Gardens
- Swinton Customer Service Centre and Library
- 115 Middle Lane South

In addition, the Council also plans to decarbonise an additional small site, Peacock Lodge Children's Home, which does not meet the end-of-life requirements for PSDS and so will require the use of Council capital to decarbonise. As this site is not eligible for funding, the Council therefore recommends that this site is procured and decarbonised alongside the above sites as part of the 2025/26 programme to ensure continued progress is made towards its corporate decarbonisation targets.

This report therefore summarises the proposed approach to improving the energy efficiency and decarbonisation of four Council buildings including works to install a low carbon heat source utilising funding from the PSDS and the allocated Council decarbonisation capital budget.

Recommendations

To approve:

1. the use of external Capital funds alongside Council Capital match funding to a total budget of £422k
2. to undertake a procurement to deliver the works associated with this scheme on the 4 buildings listed in section 2.7 of this report.
3. the delivery of the works on the 4 council properties as detailed in section 2.7 of this report.

List of Appendices Included

Appendix 1 PSDS Phase 4 Works

Appendix 2 Equalities Impact Screening Assessment

Appendix 3 Climate Impact Assessment

Background Papers

[Notice of Declaration of Climate Emergency 30-Oct-2019 14.00 Council Meeting.pdf \(rotherham.gov.uk\)](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Council Operational Building Decarbonisation Programme: Delivery Year 2025-26 (PSDS Ph4)

1. Background

- 1.1 On 30th October 2019, Rotherham Council declared a Climate Emergency and set out a plan of action to reduce carbon emissions generated by the Council, businesses, other organisations, and individuals across the Borough.
- 1.2 The following targets were set at its Cabinet meeting on 20th March 2020 to reduce carbon emissions across the Borough:
 - The Council's carbon emissions to be at net zero by 2030
 - Rotherham-wide carbon emissions to be at net zero by 2040
- 1.3 Since then, the Council has annually produced a Climate Change Action Plan which sets out how these targets will be met and covers seven themes including, Energy, Housing; Transport; Waste; Built & Natural Environment; and Influence and Engagement. The Council has committed funding to deliver a programme of building decarbonisation which will play a fundamental role in progressing the achievement of the Council's net zero target given that the energy use within the Council's current building portfolio produced approximately 3,650tCO₂ between 2023-2024, or 46% of the Council's overall emissions.
- 1.4 To enable the transition to net-zero and the decarbonisation of public buildings the Government has created the Public Sector Decarbonisation Scheme (PSDS) that provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures on properties with end-of-life systems.
- 1.5 One of the requirements of the PSDS is that the council must contribute a minimum of 12% capital investment match funding, and therefore, to enable this journey to decarbonise its buildings stock, the Council approved a decarbonisation capital budget of £6.4M in February 2022.
- 1.6 The PSDS grant has a number of key criteria including that buildings heating systems are at end of life (i.e. 10years+ in age) and have strict deadline for use of funds. The latest iteration, to which this paper relates, requires that grant funding is spent prior to 31st March 2026, though the Council's match funding can be spent after this date if required.
- 1.7 This report covers the next phase of proposed activity to further decarbonise the Council's property estate during the 2025/26 financial year, utilising funds from a recently successful PSDS phase 4 application.

2. Key Issues

- 2.1 A significant challenge in delivering the Council's Climate Change Action Plan is the carbon emissions produced due to the current fossil fuel energy consumption (gas). Therefore, the Council approved as part of the Budget and

Council Tax Report 2022/23 a capital investment to begin the process of decarbonisation across its operational estate and has subsequently produced a comprehensive Heat Decarbonisation Plan (HDP) to deliver this programme of works.

2.2 The HDP identifies the buildings which form the Councils portfolio of corporate buildings, whether those buildings meet the criteria for existing grant schemes and what measures are appropriate to be delivered at each site. Following this assessment and site-specific technical surveys, the following four buildings are therefore proposed to be decarbonised in 25/26:

- I. Springwell Gardens
- II. Swinton Customer Service Centre and Library
- III. 115 Middle Lane South
- IV. Children’s Home Peacock Lodge

2.3 In order to continue to undertake this work, a pre-procurement estimate of £421,423 (including a contingency) budget is required across the 4 Council buildings planned for the 2025/26 financial year.

2.4 On 7th March 2025 the Council was awarded a grant of £265,000 from the external funding through the Public Sector Decarbonisation Scheme (PSDS) As part of this grant a minimum contribution of £38,850 required from the Council. These funds will be used to decarbonise 3 of the 4 planned buildings, with additional Council capital to fully fund the decarbonisation of Peacock Lodge. This site is not eligible for PSDS funding.

2.5 An overall budget of £421,422.50 is required for this project. £265,000 of this will be grant funded via PSDS and the remaining £156,422.50 is to be funded by the Council’s allocated decarbonisation fund.

2.6 A breakdown of the financial costs and benefits of this project is included in Appendix 1 of this report.

2.7 The project will include the following works:

Description of Work	
Building	Decarbonisation of the heating systems
	Loft insulation
	Roof insulation
	Double glazing
	Cavity wall Insulation
	External wall insulation
	Building Energy Management System
	Heating - zone control valves
	Hot water - efficient taps
	Hot Water - efficient showers
	LED Lighting
	Lighting controls
	Solar PV

115 Middle Lane South	X				X							X
Springwell Gardens	X				X		X				X	X
Swinton CSC & Library	X						X				X	X
Children's Home Peacock Lodge	X						X					X

- 2.8 The decarbonisation of these properties and efficiency improvements above works are estimated to save the Council 30tCO₂ annually. This is based upon the carbon emissions of an air source heat pump that is supplied from grid electricity and the on-site solar PV. These carbon savings would further increase as grid supplied electricity moves towards net-zero as the UK invests in more renewable energy generation, delivering the council net-zero targets.
- 2.9 The installation of air source heat pumps at the three of these properties through the PSDS grant funding have a strict deadline of implementation. All building and efficiency improvements works must be completed before the 31st March 2026 and funding cannot be carried over beyond this date.
- 2.10 These buildings have been chosen primarily due to the short-term need to replace heating systems but also because they are less complicated and a range of routes to market are available to undertake the procurement activity, however work will be required to determine the correct route for this scheme.
- 2.11 There is no current indication that grid capacity at the proposed sites will be an issue and as the sites and usage are likely to be small; however, as with all decarbonisation programmes where Air Source Heat Pumps are required there remains a small risk that grid capacity or planning requirements could extend delivery times.
- 2.12 These sites do not currently present a financial saving through decarbonisation but have been chosen due to their imminent need for replacement of their heating systems and their eligibility for funding through the Public Sector Decarbonisation Scheme. There are only a small number of sites within the Council's portfolio that meet the grant terms and conditions.

3. Options considered and recommended proposal

3.1 Option 1 (recommended Option)

Approve the use of grant funding from the PSDS and the contribution from the existing Council capital decarbonisation fund to deliver via a compliant route to market the delivery of the works set out in section 2.7 of this report.

This is the recommended option to progress the decarbonisation of the Council estate and reduce revenue costs across the 4 sites.

3.2 **Option 2 (do nothing) –**

No decarbonisation or efficiency improvement work is undertaken on the proposed buildings.

Considering the Council’s declaration of a climate emergency in 2019 and subsequent target to achieve net zero by 2030, the do-nothing approach is not recommended. Replacement of gas boilers with a sustainable low carbon alternative alongside improvements in overall energy efficiency are integral to meeting this target due to the substantial carbon emissions arising from gas combustion.

3.3 **Option 3 (efficiency improvements only) –**

Option three is to only undertake the energy efficiency improvement works without heating replacements, this option would deliver revenue budget savings and some small carbon reductions.

This option means that the Council would not be able to use the PSDS funding for the specified buildings as the funding is predicated on the removal of gas boilers. It also requires a full building approach which ad hoc decarbonisation or energy efficiency projects would not achieve.

Therefore, an additional funding stream would have to be identified to deliver these works and as a result, this option is not recommended.

4. **Consultation on proposal**

4.1 There has not been any public consultation on this proposal.

5. **Timetable and Accountability for Implementing this Decision**

5.1 Property and Facilities Services will be responsible for implementing the decision in accordance with the timetable below:

Milestone	Date
Officer Delegated Decision Notice	May 25
Contractor/Supplier Procurement	Q2 25
PSDS Site works and Commissioning	Q3-Q4
Y1 PSDS Invoice Deadline	31st March 26

6. **Financial and Procurement Advice and Implications**

6.1 Initial site assessments showed there are no properties in the Council’s estate which will pay back any capital investment in decarbonisation through

reduced energy consumption in the short term. The team are therefore prioritising sites which are eligible for grant funding first, in order to maximise the Council's decarbonisation capital budget and reduce pay back term, which is why these four sites have been chosen. There are small positive revenue implications for these sites due to the inclusion of solar panels, resulting in a reduction in energy bills of approximately £3800 per annum across the 4 sites, based on the current cost of energy. A decarbonisation strategy is due at Cabinet imminently, which will set out the plans for the rest of the estate.

Any grant funded expenditure must be defrayed by 31st March 2026 otherwise it will be ineligible.

- 6.2 The procurement activity detailed in this report, must be undertaken in compliance with the relevant procurement legislation (Procurement Act 2023 or the Public Contracts Regulations 2015) dependent on the route to market chosen, as well as the Council's own Financial and Procurement Procedure Rules.

7. Legal Advice and Implications

- 7.1 The project as described in the body of the report is consistent with the aims and requirements of the PSDS and therefore the funding allocations are appropriate. Further the projects are consistent with Council policies as referred to in the body of the report
- 7.2 The procurement when undertaken will need to be in compliance with the Public Contract Regulations 2015, or the Procurement Act 2023, depending upon which route to market is preferred.

8. Human Resources Advice and Implications

- 8.1 There are no human resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no direct impacts but two of the properties identified are utilised by CYPS and therefore there will be positive revenue budget implications but also building emission performance improvements. The likely impact on revenue is assessed and presented in Appendix 1.

10. Equalities and Human Rights Advice and Implications

- 10.1 No implications identified though equalities assessment conducted and attached at Appendix 2.

11. Implications for CO2 Emissions and Climate Change

- 11.1 Positive implications have been identified within the Carbon Impact Assessment at Appendix 3.

11.2 These works are expected to reduce the Council's operational CO₂ emissions from Council operational buildings through decarbonisation, increased on-site renewable energy and energy efficiency measures. These works are estimated to save the Council 30tCO₂e per annum.

11.3 The fabric measures will also improve the resilience of the site to future climate impacts such as excess heat.

12. Implications for Partners

12.1. No implications identified.

13. Risks and Mitigation

13.1 Unable to complete the schedule of works funded by the Government's Public Sector Decarbonisation Scheme within the timeframes agreed in the grant offer letter.

Mitigation – Accurate planning and delivery with the decarbonisation delivery partner will prevent going beyond the time criteria stipulated by Government and incurring penalties.

13.2 An increase in market prices for the installation of decarbonisation measures.

Mitigation – The market prices will be continuously monitored and if necessary, the schedule of rates adjusted, and programmes adjusted to align with changes.

13.3 Revenue costs exceed expected budgets or fluctuate unexpectedly.
Mitigation – A financial breakdown of expected revenue costs, i.e., energy and maintenance costs are included in Appendix 1. Close liaison with Financial Services will be essential to ensure allocated budgets and revenue costs align.

14. Accountable Officers

Kevin Fisher, Assistant Director of Property and Facilities Services

Approvals obtained on behalf of Statutory Officers: -

	Named Officer	Date
Chief Executive	Sharon Kemp OBE	N/A
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	N/A
Assistant Director of Legal Services (Monitoring Officer)	Phil Horsfield	N/A

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